



# **Capacity Building Program Towards a Healthy Cambodia Microfinance Industry and Satisfied Microfinance Clients**

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## Table of Contents

Acknowledgements.....	i
Table of Contents .....	ii
List of Tables .....	iv
List of Figures .....	iv
List of Symbols, Abbreviations and Nomenclature.....	v
ABSTRACT.....	vii
BACKGROUND .....	1
PROBLEM STATEMENT .....	3
1.1. Lack of Capacity of Cambodia Microfinance Sector .....	3
1.2. Causes for Lack of Capacity:.....	3
1.3. Effects of Lack of Capacity .....	4
REVIEW OF RELATED LITERATURE .....	6
2.1. Purpose of the Review .....	6
2.2. Introduction .....	6
2.3. The Need for Capacity Building in Microfinance .....	6
2.4. Microfinance Capacity in Cambodia .....	8
2.5. Elements Capacity Building Program .....	9
COMMUNITY NEEDS ASSESSMENT .....	12
3.1. Purpose of the Study:.....	12
3.2. Main Questions that Guided Needs Assessment: .....	12
3.3. Methodology Used .....	13
3.4. Results of Assessment .....	15
3.5. How these results were used to shape the project design? .....	24
3.6. Stakeholder Analysis .....	25
PROJECT DESIGN .....	29
4.1. Project Description .....	29
4.2. Target Community.....	30
4.3. Goals.....	31
4.4. Objectives .....	31
4.5. Logic Framework .....	33
4.6. Staff and Organizational Structure .....	36
4.7. Implementation Plan.....	37
4.8. Implementation Report .....	37
4.9. Budget.....	40
MONITORING & EVALUATION.....	41
5.1. Monitoring .....	41

5.2. Evaluation .....	51
LESSONS LEARNT .....	54
6.1. Coaching and Mentoring .....	54
6.2. Trainings .....	55
6.3. Research and Development .....	55
6.4. Resource Mobilization, Linkaging, and Lobbying .....	56
6.5. General .....	56
RECOMMENDATIONS .....	57
7.1. Seilanithih Limited and CHC Limited .....	57
7.2. CARD MRI CLO .....	57
7.3. Human Resource, International Group, and Top Management .....	58
References .....	59
APPENDICES: .....	60
<b>Interview Guide</b> .....	61
<b>FGD Guide</b> .....	62
<b>Survey Questionnaire</b> .....	64
<b>Training Evaluation Form</b> .....	72
<b>Seilanithih Limited Cash Flow Statement for the Period January to March 2010</b> .....	73
<b>CHC Limited Cash Flow Statement for the Period January to March 2010</b> .....	73

## List of Tables

Table 1. How did CARD capacity building programs help branch or the MFIs? .....	22
Table 2. Recommendations for CLO capacity building program.....	24
Table 3. Logic Framework.....	33
Table 4. Summary of TA Accomplishments .....	44
Table 5. MEADA Update as of March 2010 .....	46
Table 6. Summary of Trainings Accomplished .....	48
Table 7. Summary of Training Evaluations - ACT Funded.....	48
Table 9. Stakeholder Analysis .....	68
Table 10. Implementation Plan.....	69
Table 11. Detailed Budget .....	70
Table 13. Evaluation Plan .....	74

## List of Figures

Figure 1. Capacity Building Activities Received from Own MFI.....	21
Figure 2. General Experience with CARD .....	22
Figure 3. CARD MRI CLO Organizational Chart.....	36
Figure 4. Conceptual Framework .....	51
Figure 5. Problem Tree .....	60

## List of Symbols, Abbreviations and Nomenclature

AFD	Agence Francaise de Developpement
ARCM	Asia Resource Center for Microfinance
ACT	Asian Community Trust
ADB	Asian Development Bank
ASA	Association for Social Advancement
BM	Branch Manager
CHC Limited	Cambodia Health Committee Limited
CMA	Cambodia Microfinance Association
CMI	Catalyst Microfinance Investor
CARD	Center for Agriculture and Rural Development
CARD BDSFI	CARD Business Development Services Foundation Inc.
CARD MBA	CARD Mutual Benefit Association
CARD MRI	CARD Mutually Reinforcing Institutions
CARD MRI CLO	CARD MRI Cambodia Liaison Office
CMDI	CARD MRI Development Institute
CMIT	CARD MRI Information Technology
CaMIA	CARD MRI Insurance Agency
CEO	Chief Executive Officer
CNA	Community Needs Assessment
CO	Credit Officer
CwE	Credit with Education
DH	Department Head
DWM	Developing World Markets
FGD	Focus Group Discussion
GM	General Manager
HO	Head Office
IFC	International Finance Corporation
MIS	Management Information System
MBA	Masters in Business Administration
MOV	Means of Verification
MFI	Microfinance institutions

MEF	Ministry of Economy and Finance
NBC	National Bank of Cambodia
NGO	non-governmental organization
OVI	Objectively Verifiable Indicator
PAR	Portfolio at Risk
RM	Regional Managers
RBST	Rura Bank of Sto. Tomas
SBFIC	Savings Bank Foundation for International Cooperation
SCTAPS	Seasonal/Contractual Technical Assistance Professional Staff
SAIDI	Southeast Asia Interdisciplinary Development Institute
TA	Technical Assistance
USAID	United States Agency for International Development
USD	US Dollar

## **ABSTRACT**

This is a project envisioning transformation of Cambodia microfinance institutions (MFIs) to include competitive products and services in order to satisfy the unending needs of the clients. The microfinance industry in Cambodia grew at a rapid pace, however, now small players are challenged to catch up with the pioneers. Furthermore, MFIs are also burdened with financial problems, clients with multiple loans, high portfolio at risk, and frauds committed by staff or by clients.

Thus, this project will focus on small MFIs to equip them with the necessary skills and technology in order to survive in a competitive environment. The project constitutes to a capacity-building program composed of all interventions needed to boost the potentials of the MFIs. The capacity-building program consists of coaching and mentoring, training and exposure visits, investments, linkaging and mobilizing resources, advocacy and lobbying, and research and product development.

The program helped the MFIs to acquire new technology in order to implement microfinance operations, create new products and services that provide more benefit to the clients, mobilize grants and loan funds that the MFIs could use in their operations and staff training and development, and lobby with regulators about implementing new products and strategies for the benefit of poor clients. It is expected that these interventions implemented with the MFIs will result in smooth operations and sustainability of the MFIs and create the ability to respond to and satisfy the changing needs of empowered microfinance clients.



## **BACKGROUND**

The Philippine-based Center for Agriculture and Rural Development (CARD) Mutually Reinforcing Institutions (MRI) is composed of eight (8) institutions delivering specialized but integrated products and services in the field of microfinance. CARD Inc. is an NGO providing microfinance program to its members; CARD Bank, Inc. and Rural Bank of Sto. Tomas (RBST) are accredited microfinance-oriented banks focused on poor women who have dreamt of owning a bank; CARD Mutual Benefit Association (MBA), Inc. and CARD MRI Insurance Agency (CaMIA) are providing a way for the poor to have access to insurance packages; CARD-MRI Development Institute (CMDI), Inc. provides degree and non-degree program and courses in microfinance for practitioners; CARD Business Development Services Foundation Inc. (BDSFI) responds to the needs of CARD clients in promoting and expanding their business activities; and CARD MRI Information Technology (CMIT), Inc. is a technology provider for microfinance practitioners.

CARD MRI is an acknowledged microfinance leader in Asia. Over the years, it has received increasing demands for its technical assistance (TA) from microfinance players both in the country and abroad. Inspired by the vision and the capability to be at the forefront of growth in the microfinance industry, it has forged partnerships with institutions in South-East Asian countries to bring increased prosperity in the region.

CARD MRI's first international office was set up in Cambodia in 2006. Recognized by the Cambodian Government as an international NGO, the CARD MRI Cambodia Liaison Office (CLO) worked with two local MFIs by providing short-term TAs and training courses. CARD MRI CLO plays a key role in the growth being demonstrated by the two institutions. The clear gains of the collaboration, emboldened CARD to expand its program in Cambodia.

The office also works with local NGOs with credit and savings facilities to expand delivery of client-responsive products and services.

Furthermore, as CARD MRI personnel share their expertise to others, they experienced increasing levels of confidence and satisfaction. Clearly, CARD too, benefits from the good it spreads all over. Finding a win-win situation for all parties concerned, there is no stopping CARD from deepening its impact in the Cambodian microfinance industry.

## **PROBLEM STATEMENT**

### **1.1. Lack of Capacity of Cambodia Microfinance Sector**

The microfinance sector in Cambodia is composed of the licensed MFIs and registered NGOs providing credit and savings services. Basically, the microfinance providers in Cambodia started as socially-oriented NGOs focused on health, education, relief and related projects. It was only in 2000 that the National Bank of Cambodia (NBC) started to issue and revise regulations in order to transform NGOs into registered or licensed MFIs according to their scope of operations. This actuality already highlighted the main reason that positioned the Cambodia microfinance sector to lack of capacity. The sector is still young and there is not much experience to get the needed skills.

### **1.2. Causes for Lack of Capacity:**

Aside from the above, there are several factors that contributed to the lack of capacity of the Cambodia microfinance sector. First is the lack of available effective microfinance systems locally. Cambodia is a post-conflict country where many of the foundations for growth and development—including the banking and finance system—have been shattered and need to be restored. Thus, it needs to import microfinance best practices from other countries. However, even the previous TA providers to most of these MFIs have not been very effective. Feedback from local MFIs said that the TAs stayed just for the sake of being present in the country in order to collect payment from donors.

Second, the conflict in the past also left inexperienced and very young human capital. It was the educated population which was the primary target of the past Khmer Rouge to totally eradicate. Hence, the current microfinance sector has very unstable staffing because of limited capacity of staff hired. The instability is also true because of the current trend that

staff could transfer from one MFI to another due to demand for higher salary or pay. This situation also demonstrates the dissatisfaction of staff with the MFI's human resource management program.

Lastly, true to most small players, the lack of funds is also a crucial reason for hindering the MFIs to develop their staff and operations. Staff skills development activities such as training are felt to be a cost and not an added-value benefit for the institutions. Having started as NGOs, most of the MFIs are still credit-driven and/or donor-dependent. This leads them to another challenge which is to encourage donors or lenders to release funds for their operations. Since they are small players, most of them are new while those operating for a longer period have experienced serious fraud in the past which made them more unattractive to donors or lenders. Another factor that made it difficult for them to grow funds is the limitation from the National Bank of Cambodia (NBC), the regulatory body, that they cannot mobilize savings from the public.

### **1.3. Effects of Lack of Capacity**

The weak microfinance sector resulted in a variety of unpleasant situations in the poor community and the sector itself. As of March 2009, the 17 licensed MFIs have a total outreach of 828,716 compared to its total population of 13.8 million (ARCM, 2009). The performance of the sector looks promising but the reality in the field showed the contrary. Newspapers in Cambodia (Daily Cambodia and others) currently exposed the multiple lending being done by microfinance clients. A client will get a loan from an MFI to pay her loan due from another MFI and the cycle will go on until the client could not access another loan from any MFI. In reality, there was several multiple countings in the total outreach of the sector which made it inaccurate. Also, due to the country's underdeveloped financial sector, there is an absence of banking facilities in the rural areas especially those hard-to-

reach ones. This situation limits the MFIs to do microfinance operations in the said areas since a bank, where their respective head offices can transfer funds and where they safe keep their cash collections, is essential to efficiently run their operations. Both scenarios lead to more poor families. The first one is pushing the poor to be landless and/or homeless since they use their land to secure a loan from the MFIs while the other does not provide an opportunity for the hard-to-reach rural folks to be economically active through the help of MFIs.

Moreover, the weak sector also broadens the gap between the big and small players. As of March 2009, the outreach of the big players ranged from 80,000 to 230,000 while the small ones ranged from 50 to 10,000 clients only. The total loan outstanding of the small ones is also incomparable with the big ones as the total amount of loans outstanding of the big MFIs is USD254 million while the small MFIs is only USD20 million. In addition, it is also easier for the MFI staffs or clients to commit fraud in a weak sector. It takes a long time for the MFI to detect fraud which resulted in big or even unsolvable problems. Finally, the lack of capacity of the sector also leads to high portfolio at risk (PAR). Compared to December 2008, the PAR of the whole sector increased to 1.76 percent from 0.71 percent. These three (3) scenarios if not attended to will lead to either dissolution or merging of small MFIs. Dissolution and merging have the same impact on the clients as they will have fewer options or, worse, will have no other option but to borrow loans from loan sharks. The problem tree for the summary of the above discussion can be seen in Figure 5.

## **REVIEW OF RELATED LITERATURE**

### **2.1. Purpose of the Review**

This review of related literature aims to analyze the situations that lead to the need for capacity building in microfinance institutions or its industry, and the structure or components of a capacity building program that would work in an environment similar to that of Cambodia.

### **2.2. Introduction**

“Capacity building is more art than science. Getting it right is difficult. Measuring results is even harder” (CGAP, 2005, ¶7). However, CARD takes the challenge of building the capacity of the microfinance industry, not only of the Philippines but also in Cambodia, and then the whole world. “While there seems to be international consensus that capacity building is key to promoting sustainable development, more attention needs to be drawn to the way to go about it” (United Nations Environment Programme, 2006, p.2). The focus of this study is to come up with an appropriate and effective capacity building program that will strengthen the microfinance industry in Cambodia.

UNEP described capacity building as building abilities, relationships and values that will enable organizations, groups and individuals to improve their performance and achieve development objectives (2006, p.2).

### **2.3. The Need for Capacity Building in Microfinance**

One and first on the list of the Millennium Development Goals is to eradicate extreme poverty and hunger. Microfinance is seen as one powerful tool to achieve this goal.

However, there are lots of studies that prove that in order for microfinance to be effective, capacities should be improved. According to Fernando (2002), “The trend in the microfinance industry in Asia is toward a more diversified scope of services, however, the MFIs that are making effort to diversify the scope of their services are realizing the limitations of their institutional culture and institutional capacity, particularly skills level of staff as well as the need to make drastic institutional changes to ensure diversity in scope of services” (¶17).

Banyan Global (2005) in the *Microfinance Sector Review and Program Assessment* shared that “One of the key gaps that hindered growth and commercialization of microfinance sector in Indonesia is the weak institutional capacities of the retail institutions. They often have a narrow range of financial products and they lack innovation to address the underserved segments of the market” ( p.2). “Retail financial institutions need complex skills to offer poor people quality financial services on a permanent basis. In most countries, inadequate retail capacity is the main bottleneck to scaling up microfinance” (CGAP, 2005, ¶1). The need for capacity building and appropriate training was also identified by Bablis (1999) as “one of the major constraints on the implementation of MFIs” and “such financial institutions require people who have specialized skills” (pp19-20).

Another demonstration of need for improvement in the microfinance sector, Fernando affirmed in his study that “Despite the massive demand for a broad range of financial services, microfinance services providers in Asia still meet only a very small proportion of the demand” (2002, ¶6). This proves that MFIs need to widen their outreach and to innovate their products and services because as Fernando (2002) asserted, “those who do not pay attention to financial and institutional innovation will be increasingly marginalized” (¶25). This will be proven to be true as small and traditional microfinance players are being left behind by those players willing to take the risk and test or implement new strategies.

## **2.4. Microfinance Capacity in Cambodia**

Cambodia, which is the focus of this study, came from three decades of internal conflict thus in 1990s microfinance was first provided by NGOs. Therefore, limited capacity is present in the country as mentioned in the technical brief number 2 of Microenterprise Best Practices (MBP, p.4) that limited human resource capacity is one of the greatest constraints in MFIs, which is a common theme in post-conflict settings. Fernando (2002) expounded that NGOs are dominant suppliers of microcredit in Cambodia and Campion (2001), noted that “Since many MFIs began as NGOs with a social mission to reduce poverty through the provision of loans, few MFIs have the management capacity to successfully manage a commercial financial intermediary. One of the greatest needs to develop a commercial microfinance industry is the building of management capacity in the areas of risk management, management information and internal control, marketing and customer responsiveness, and human resource development” (p.59).

Organisation for Economic Co-operation and Development (2004) said, “The most sizable outreach achieved by NGO microfinance, to date, is seen in Cambodia, where the total estimated number of borrowers of all rural MFIs has reached about a quarter of the rural households, according to NBC. Generally speaking, local capacities to run microfinance programs in a professional way are yet very weak in many aspects, such as implementation of adequate lending methodologies, achievement of sound financial management, and establishment of appropriate governance in spite of active support by international NGOs specialized in microfinance” (p. 296). The growth in the microfinance sector in Cambodia evidenced by the increase of players is commendable. However, this growth could be negative if not controlled by a system. According to Fernando (2002) “When clients are able



to choose between many suppliers of microcredit, they are driven into over-indebtedness in the absence of institutional mechanisms for sharing credit information among MFIs” (¶20).

Nevertheless, the need for capacity building is known to the microfinance sector especially in the developing countries. However, as mentioned by Fernando (2000) that the future direction of the microfinance industry in Asia will depend on a number of factors which one is the extent of support for capacity building of MFIs in the region (¶22).

## **2.5. Elements Capacity Building Program**

Although the need for capacity building is still present, there are experiences that revealed certain strategies that helped some retail financial institutions. The donor brief of CGAP mentioned that building the capacity of financial institutions starts with defining the skills needed, then designing the best package of services. Also, selecting the right delivery mechanism is crucial; the choices should take into account the institution’s background, maturity, legal status, size, products, and staff qualifications. Some of the delivery mechanisms to choose from are advice and coaching, training courses, degree programs, staff exchanges, study tours, manuals and guides (2005,) . UNEP seconded that “A wide range of approaches is available to build capacities, including training, formal education, capacity building projects, networking, and others. Which approach will be more effective strongly depends on the specific objective to be achieve” (2006, p.3).

The success story titled *Empowering Local Microfinance Institution in Benin* revealed that the outstanding achievement of the microfinance institution is attributed to a combination of several factors such as “proper technical assistance and empowerment” and the “determination of dedicated and experienced staff to face operational changes” (USAID, 2005, ¶2). “Where human resources are limited, it may be wise to invest in external technical

assistance and in extensive staff development programs. However, this level of support was required not only for initial operations but, more importantly, for training Cambodians for the long-term. Human resource development activities include in-country training and study programs and workshops, seminars, exchange visits, and courses abroad” (MBP, p.4).

### **2.5.1. Coaching and mentoring**

Employment of a technical assistant, responsible for training branch managers and field assistants, as well as for project monitoring and evaluation, is one development activity (Bablis, 1999)). Moreover, CGAP mentioned that it is necessary for the TA providers to make a long-term commitment. CGAP (2005) also shared that “Building retail capacity requires reliable access to technical services over several years. Consultants who drop in once or twice a year are usually not effective in helping new institutions build core operating systems” (¶9).

### **2.5.2. Training and Exposure Visits**

According to Bablis (1999), “the challenge to learn valuable lessons from existing MFIs and to continue to improve remains thus it is prudent to heed the advice of Professor Yunus to undergo an intensive dialogue and exposure program in the existing units”(p.21), “Donors could support the continued development of the microfinance industry by paying some technical assistance and training. As donors move away to direct subsidies and towards capacity building support, the industry will attract more commercial capital and be better equipped to satisfy unmet global demand” (Campion, 2001, 63-64).

“Internal conflict can be reduced by developing strong internal controls and by conducting training in the areas of governance and management. MFIs in Cambodia experienced a host of internal problems as they grew. However, many of these might have been averted if sufficient attention had been devoted to internal controls and to training staffs in the basics of NGO governance” (MBP, date, p.4).

### **2.5.3. Research and Product Development**

Assistance for MFIs to innovate their products is also seen as beneficial. “The increasing knowledge of potential and existing clients about the market will exert pressure on service providers to improve the quality of their services” (Fernando, 2002, ¶24). It was also mentioned by Fernando in his study that the future of microfinance sector would be that “The approach of many service providers will shift from pushing their products to meeting clients’ demands” (2002, ¶24).

### **2.5.4. Advocacy and Lobbying**

According to Campion, “For regulations and supervision of microfinance institutions to be effective, the regulators must understand the differences between traditional finance and microfinance” (2001, p.59).

## **COMMUNITY NEEDS ASSESSMENT**

Capacity building is an ongoing process through which personnel and organizations enhance their abilities to enhance and meet developmental challenges. It is an integral part of any institution's development such as MFIs. Every MFI has capacity-building programs, either formal or non-formal, in-house or external. However, the effectiveness of the program is not the same in all MFIs and not all strategies enclosed in the program are appropriate.

It is seen as crucial to get the participation of the beneficiaries of the program, in this case, the MFIs and their staff. The effectiveness of any program is significantly affected by the acceptance of its beneficiaries. A project will have more probability of being effective if its design is based on the needs and expectations of its community.

### **3.1. Purpose of the Study:**

The main purpose of the community needs assessment (CNA) is to come up with data and information that would help CARD MRI CLO to design an appropriate and effective capacity-building program and/or other intervention needed for the development of Cambodia MFIs. Hence, in order to meet the main purpose, the assessment needs to identify the hindering factors that cause the lack of capacity of MFIs, the feedback or recommendations about the current CARD MRI CLO TAs and trainings, and other possible TAs or interventions that the MFIs would prefer to receive and should prioritize.

### **3.2. Main Questions that Guided Needs Assessment:**

Guided by the purpose of the CNA and the issues discussed in the problem tree, the following are the main questions that guided this CNA:

1. What is the status of the current microfinance industry in Cambodia? Their own institution? And why?
2. How effective are the existing capacity-building programs of the microfinance industry, and their own institutions? Why?
3. Are the trainings and short-term TAs that were provided by CARD MRI CLO successful in contributing development to the MFIs and their staff? Why?
4. What are the interventions or program improvements that CARD MRI CLO might initiate for the MFIs that would help Cambodian microfinance industry improve?

### 3.3. Methodology Used

This assessment used qualitative and quantitative research as primary sources of data. Focus Group Discussion (FGD) and in-depth interviews are the qualitative research methods used while for quantitative data gathering, the survey questionnaire was used. These three (3) methods were used in order to triangulate the information collected from each tool. This will also have more bearing on the consolidated results of the assessment tools.

<i><u>PRIMARY SOURCE</u></i>	<i><u>SECONDARY SOURCE</u></i>
In-depth Interview	Reading Materials: Books, Journals, and Articles
FGD	On-line write-ups or researches
Survey Questionnaire	Previous Studies

#### 3.3.1. Methods and Sampling

1. In-depth Interview – The interviews seek to collect the perceptions of the MFI heads regarding their strengths and weaknesses in the running of microfinance operations in Cambodia. It also aimed to collect feedback from these heads about the work of CARD MRI CLO and to engage them in articulating their specific needs for a capacity building program. Interviews were conducted with Seilanithih Limited Chief Executive

Officer (CEO), Cambodia Health Committee-Limited (CHC-Limited) General Manager (GM), and with Cambodia Microfinance Association (CMA) Board Chairman.

2. FGDs – Two (2) FGDs were conducted with the management teams of CHC Limited and Seilanithih Limited. The FGD is intended to collect information from the team regarding their perceptions on the lack of capacity of their institutions, whether they agree with the lack of capacity or not, and their perceptions on what causes the lack of capacity. It will also solicit information on what they think are the capacity-building programs needed by the institutions and its staff.
3. Survey Questionnaire – The survey focused on getting the views of the staff on the effectiveness and impact of their own institution's capacity-building program and of the previous training or TAs provided by CARD MRI CLO. Also, the survey consolidated recommendations from the staff on how to design or improve the capacity-building program to be provided to their institutions. Random sampling was used in this method, wherein 30 staff members from each institution were randomly selected from their attendance sheet during previous CARD MRI CLO trainings.

### **3.3.2. Tools Used**

The tools used in this assessment were the interview guide, FGD guide, and survey questionnaires that can be seen in the appendices numbered 10.2 to 10.4.

### **3.4. Results of Assessment**

#### **3.4.1. In-depth Interviews**

The Chairman of CMA (Mr. Hout Ieng Thong), the CEO of Seilanithih Limited (Mr. Kuch Setha), and the GM of CHC-Limited (Mr. King Kap Kalyan) all agreed that the status of Cambodia microfinance is more advanced compared to its neighboring countries such as Thailand, Vietnam, Laos, or even Philippines and Bangladesh when it comes to regulations or legal framework. The microfinance industry of Cambodia has been regulated by the NBC since the year 2000. However, they all accepted that when it comes to the overall systems of running microfinance institutions, they are still far below some countries mentioned above and that the industry still needs improvement in terms of professional systems. However, they have positive opinions on the status of improvements because they already have existing systems in place such as loan, financial and internal control that could easily be improved. An advantage mentioned by them compared to other countries is that their microfinance industry is heavily supported by the government especially in terms of funding. However, they are also hopeful that monetary situation will improve because of the support of different international agencies like International Finance Corporation (IFC), Asian Development Bank (ADB), and the Agence Francaise de Developpement (AFD) for the development of the microfinance sector of the country.

With regards to the status of Seilanithih Limited and CHC Limited, both heads mentioned that they are not too far from the big ones since out of the 20 MFIs, they belong to the ninth and tenth spots, meaning they are in the middle. However, they both see the weaknesses of their institutions such as in capitalization and staff

competency. They see the limited experience of their staff in running microfinance operations. Most of the members of their management teams have limited skills related to microfinance management. They mentioned that among the management teams of the institutions, only the GM of CHC Limited and CEO of Seilanithih Limited and other senior operations or field staffs have longtime microfinance experience. Most of them do not have experience in the field since most of them did not start from being field operations staff. In relation to this, the CMA Board Chairman shared that he thinks that one of the reasons of limited capacity of the staff is the educational system in Cambodia. He said that it is not as sophisticated when compared to Thailand or the Philippines.

When asked of their perceptions on the existing capacity-building program of CARD MRI CLO, the two heads mentioned that they are very pleased with it. They feel that their operations were guided into being professional. They also mentioned that the TA experts previously sent by CARD fit the requirements of the assignment given to them. However, the two MFIs feel that the previous TAs covered very short periods thus the TAs were not able to cover all the systems that needs improvement in their respective assignments. Hence, they see the need for further TAs from CARD MRI CLO that will further assist them in moving to the next level of professionalization. They recommended that if possible, the TA experts should stay long-term in their institutions and be in higher levels that could help not only in one specific department but could cover the whole microfinance operations of their institutions. They mentioned their need for someone that could serve as a principal adviser who will guide them in business and strategic planning and implement the plan in their institutions.



On the other hand, the CMA Board Chairman appreciated the help of CARD MRI CLO with their two-MFI members. He also saw the improvements of both institutions pertaining to their loan portfolio and expansion. He mentioned that he understands that catering to another MFI is not advisable for CARD because of competitive strategies. Thus he suggested that the industry would benefit more if CARD could also extend its help to the microfinance network, which is CMA, to strengthen the management of its MFI-members and facilitate issue resolution and oversee industry-wide developments .

### **3.4.2. Focus Group Discussions**

Two FGDs were completed in the CNA. The discussions evolved from their perception on the status of Cambodia microfinance and their own MFIs to the recommendations they can share for the improvement of both. Almost all of the management team members, 12 out of 16, participated in the FGDs except for some that have missions far from their offices or out of the country.

Profile of Participants: The management team of Seilanithih Limited is more senior than CHC Limited in terms of years of experience in microfinance. The management team of Seilanithih Limited worked in the institution ranging from 6 to 13 years while CHC Limited management team worked in the institution ranging from 7 months to 4 years only. Ninety-two (92) percent (11 out of 12) have masters degrees or are currently enrolled in Masters in Business Administration (MBA) programs.

In the topic about the status of Cambodia microfinance industry, the participants divided the issue into three (3) sub-topics: legal framework, experience, and technology used. All of the participants recognized that the industry still needs improvement in comparison to its neighboring countries, Philippines and Bangladesh,

in terms of the microfinance systems and technology being used. They explained that some of the issues connected with this are the restrictions and limitations imposed by NBC that hindered them in implementing new technologies—the lack of microfinance best practices since majority of the MFIs started as NGOs—and lack of funds. Since the primary source of their funds came from borrowing, which is uncontrolled, they cannot mobilize savings, and local commercial banks are not so willing to lend fund to MFIs.

With regards to experience, 75 percent (9 out of 12) of the participants agreed that they lack experience in microfinance operations because microfinance is a new industry in the country and as evidenced by the lack of education or skills of clients to utilize their loans as well as the MFIs to do strategic expansion. Finally, the management team of Seilanithih Limited acknowledged that among its neighboring countries, Cambodia is advanced in terms of regulations. MFIs in Cambodia are licensed and are operated by private companies unlike MFIs in other countries that are mostly operated by non-profit organizations. However, this advantage was not recognized by the CHC Limited management team.

Pertaining to the status of their respective MFIs, 58 percent of the participants expressed that they feel their microfinance operations are now better while 42 percent said they are in the middle among all licensed MFIs in Cambodia. The responses were derived from the standings of their loan portfolios in the market and they perceived that their technologies are the same as those of other MFIs.

The participants were asked to identify the standards of a good performing MFI. Half of the participants give value to high outreach of the MFI such that they have high memberships or high market share, to accessibility to clients since they are present in most provinces of the country, to execution of MFI mission that they are

really catering to the poor, and to existence of social programs in the MFI. Other characteristics mentioned by the participants with equal percentage of 16 percent are flexible systems, good staff management, high quality portfolio, and MFIs that operates friendly competition in the field.

Another topic in the discussion is the satisfaction of the participants with their MFI's capacity-building program. The participants were united in saying that their program is good but they also recognized that it still has room for improvement. The participants like the scholarship offered by the MFIs, the reasonable amount of training per diem, and the refresher courses offered to the staff. However, they see a lack of follow-up activities after the trainings so that the knowledge gained from the courses will be beneficial to the staff and the MFI.

Finally, the participants were requested to share recommendations on the areas for improvement of the Cambodia microfinance sector and their own MFIs. All of the participants said that there should be fair competition among MFIs in the country. The MFIs should follow business ethics and coordination for the betterment of the industry. They saw the need for a credit bureau in order to address the problem of clients' multiple loans. Furthermore, the CHC Limited management team recommended that the sector should work more on staff capacity building.

Pertaining to their own MFIs, Seilanithih Limited management team felt the need for committed staff since they experienced high staff turnover especially for the field staff. They also saw the need to train branch managers (BM) on how to provide clear directions and manage the branch efficiently. Another training that they recommended was courses that would help the credit officers (CO) promote understanding of policies and better client discipline. In order for these trainings to be effective, they added that there should be follow-up trainings or follow-up activities

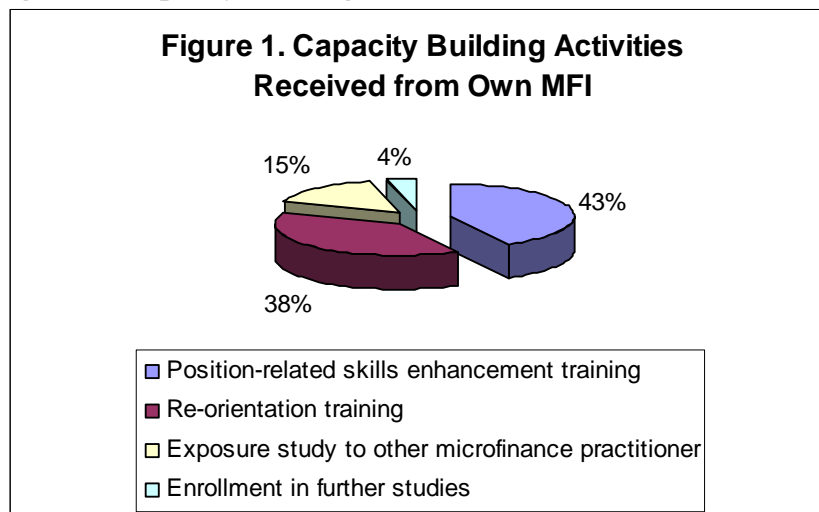
after the courses. A staff member should be assigned for the said responsibility. Moreover, they also saw the need to increase staff productivity and enough fund allocation to support their operations. Finally, they shared that one good source of funds is for them to mobilize savings but they need to become a deposit-taking MFI first.

On the other hand, the CHC Limited management team also gave importance to their operations. They said that in order to improve, they should abide by and implement the operations policies and procedures properly and not just serve as a unread written manual. They also saw the necessity for better staff capacity and an advance management information system (MIS).

### **3.4.3. Survey**

The survey was given to 30 randomly selected staff members of Seilanithih and CHC Limited who joined in one or more capacity building program activities of CARD MRI CLO. Most of the respondents came from the BM level (46.7 percent) and worked with the MFI for three years (30 percent).

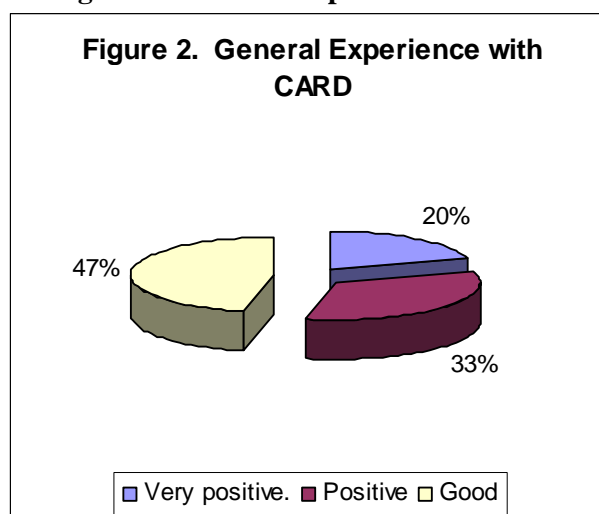
Pertaining to the capacity building programs of Seilanithih Limited and CHC Limited, forty-three (43) percent of the respondents received position-related trainings (or company orientation training based on further clarifications with respondents) from their institutions (*see Figure 1*) with a frequency of at least one every six months (50 percent). The respondents feel that these capacity building programs were of great help for them (67 percent) and they feel more confident (97 percent) in performing their duties.

**Figure 1. Capacity Building Activities Received from Own MFI**

On the other hand, with regards to CARD MRI CLO capacity-building programs, twenty-seven (27) percent of the respondents joined two capacity-building activities of CARD which are mostly trainings in nature. The majority of the respondents feel that their performance improved substantially (60 percent) after participating in CARD activities. They also observed improvements in their branch or MFI operations such as staff are clear about their duties and know the value of their contribution to the success of the branch or MFI (29 percent), the internal controls in their branch or MFI improved (28 percent), and the loan quality of their branch or MFI improved (17 percent) (*see Table 1*). The respondents claim that in general, their experience with CARD MRI CLO is good (47 percent) (*see Figure 2*) and that they will participate (90 percent) in another capacity building program of CARD.

**Table 1. How did CARD capacity building programs help branch or the MFIs?**

<b>Table 1. How did CARD capacity building programs help branch or the whole institution?</b>	<b>Freq</b>	<b>%</b>
The staffs are clear with their duties and know the value of their contribution to the success of the branch/institution.	22	29
The internal controls in our branch/institution improved.	21	28
Loan Quality of their MFI or branch improved	13	17
Our branch/institution became more productive in terms of outreach, loan and savings portfolio.	9	12
The camaraderie between all the management and staff improved greatly.	9	12
Don't know	1	1
Total	75	100

**Figure 2. General Experience with CARD**

With regards to their satisfaction on the CARD MRI CLO capacity building program, the respondents expressed that they like most that the staff of CARD-Cambodia are very friendly and accommodating (49 percent), that the program of CLO is very efficient compared to other capacity-building providers (29 percent). They also like the follow-up activities of CLO even after completion of the capacity-building program (28 percent). However, the respondents expressed what they least like about CLO program. Thirty (30) percent of the respondents feel that the programs of CLO do not take into consideration the real situation of the

microfinance industry in Cambodia. Twenty five (25) percent of the respondents are not happy that the programs are not delivered in Khmer language (Cambodia's local language). Another eighteen (18) percent of the respondents feel that the programs are not well organized.

Recommendations for the development of CARD MRI CLO capacity-building programs were also collected in the survey. The majority of the respondents recommend that the training courses being offered but the program should be based more on Cambodia MFI situations. The respondents also suggested that the programs be matched with the capacity of the staff for them to easily absorb the objective of the capacity-building activity. Since most of the respondents came from the branch management level, they also suggested that CARD-Cambodia should come up with the activities that will help the MFIs to encourage staff loyalty.. Others also recommend more improvements in the training courses, for instance that it should add other activities such as practices and role plays, that CARD should provide more training courses and more frequently, that CARD could provide trainings on branch staff management and present new methods and strategies to solve operational problems (*See Table 2*).

**Table 2. Recommendations for CLO capacity building program**

<b>Table 2. Recommendations</b>	<b>Freq</b>	<b>%</b>
the training courses should be based more on Cambodian situations	6	29
present new method and strategies to solve operational problems	2	10
add other activities such as practices and role plays	2	10
I would like CARD bring new courses and not long time between each training.	2	10
prepare programs that are relevant to the capacity of CHC staff in order to improve competency and solidify sustainability of the whole operation and also help to comfort CHC's staff to work with CHC forever.	2	10
provide training on branch staff management/ on management	2	10
uniform	1	5
time of training (middle of the month)	1	5
tell them about our experiences that we have faced.	1	5
imitate the experiences and other strategies from other MFI to change little	1	5
deliver trainings and provide training materials in Khmer language	1	5
<b>Total</b>	<b>21</b>	<b>100</b>

### 3.5. How these results were used to shape the project design?

The results of the interviews and survey suggested the weak points where the project design should be prioritized. Lack of funding and limited capacity of staff in microfinance operations were identified in the interviews and FGDs as the major concerns that need improvement in the MFIs. Thus, it signals that CARD MRI CLO also needs to include resource mobilization and even capital investments in its assistance to the MFIs. The FGD also mentioned a very competitive industry and that some of the big MFIs are not practicing healthy competition. Thus research and product development should be included in the assistance of CLO in order to respond to this kind of environment. The interviews also mentioned the limitations of the previous TAs provided, thus it indicates the improvements



needed in the mentoring services of CARD such that they should be long-term and more institution-wide.

The results of the survey were used to validate the effectiveness or ineffectiveness of the existing program design of the CLO capacity building program. The results identified downsides where CLO needs to improve especially in its training courses: CARD should design its training courses such as they are not just focused on CARD MRI practices but also on existing effective strategies available in the microfinance industry in Cambodia.

Therefore, these results validate that CARD should increase its services in Cambodia. It opens several areas to tap, aside from its existing training and mentoring services such as linkaging (for resource mobilization), capital investments, research and product development, and advocacy and lobbying for the possibility of offering other microfinance products and services to the clients. The CMA board chairman's recommendation of working with CMA could also be explored to address the issue of unhealthy competition in the industry.

### **3.6. Stakeholder Analysis**

#### **3.6.1. Introduction**

Stakeholder analysis is used to understand stakeholders, their positions, influence with other groups, and their interest in a particular project. Stakeholders' participation and involvement in this project is presented in Table 9. The main and active stakeholders for this project are CARD MRI CLO, CHC Limited, and Seilanithih Limited. The clients of both institutions will be the beneficiaries of the intervention and support is expected from CARD MRIs in the Philippines, NBC, CMA, and the existing and potential donors/investors/lenders of CHC and Seilanithih.

It is also projected that other microfinance institutions will be affected by the intervention because of competition.

### **3.6.2. Stakeholders' Information**

#### Seilanithih Limited and CHC Limited Management and Staff

The capacity-building program project is implemented with the MFI with high involvement of the management and staff. The management is presumed to be the first takers of the program. They have to have the buy-in of the concept since they are the decision makers of what will work and will not work with their MFIs. On the other hand, the staffs are the direct receivers of the project activities and the main implementer of the skills that they gained from these activities. Their commitments are very important and it is needed that they understand the benefits of all the project activities being implemented.

#### CARD MRI CLO Staff

The trainers, TA providers and full-time consultants have a critical role in the success of the project. They are the ones transferring the skills that would benefit the MFIs. Any false information they shared will impede the mission of upgrading the performance of the MFIs. CLO staffs should always be equipped with the right data and updated technologies being implemented by CARD. As well, their capacities should also be upgraded to be effective in their tasks.

#### CARD MRIs, Support Units, and International Group

The staff being assigned in Cambodia is originally from the institutions of CARD. Thus, support of these institutions is vital. Furthermore, they also served as promoters of the MFIs in their international partners or networks which could also extend assistance to the microfinance sector of Cambodia.

### MFI Clients and their Families

Any improvement in the MFIS is affecting the clients. They are the beneficiaries of the improvements in the system. However, it is a fact that human satisfaction can be elusive, therefore it is crucial to regularly collect information from the clients on how services and products can be improved that would suggest ownership of the clients and could lead to utilization of the improved products and services.

### National Bank of Cambodia

As the regulator of licensed MFIs in Cambodia, support from NBC is unavoidable. MFIs are not allowed to implement any new product or new strategy without consultation to NBC. Therefore, their acknowledgment of any project is a must and establishing a working relationship with them is important.

### Cambodia Microfinance Association

CMA's support was also worthy to have because they are committed to the improvements and smooth operations of its members. Ample information about the project is needed so that help of CMA could be expected. They have the ability to lobby issues and concerns to the regulators as they are recognized by the government.

### Donors, Investors, and Lenders

Due to lack of funds, donors, investors and lenders are needed to support the project. It is very important that confidence and trust of these institutions is gained. Hence, regular reporting and updates on the activities will strengthen the relationship and support from these funders.

### Other Microfinance Institutions

As competitors, improvements of Seilanithih and CHC's capacities have a downside, since the two MFIs could compete in the field or even attract the other's existing clients.

## **PROJECT DESIGN**

### **4.1. Project Description**

CARD's mission in Cambodia has barely begun. CARD MRI CLO is emboldened to take an active role in the growth of the Cambodia microfinance industry. CARD is committed to reaching out to MFIs and to seize other opportunities to develop and utilize their full potentials. Capacity building of local MFIs is the avenue that CARD uses in order to indirectly reach out more poor people.

With reference to the result of the needs assessment, it was confirmed that capacity building is a complex activity. Thus, moving from the traditional approach, CARD MRI CLO will provide a full-package capacity-building program with the following activities:

- **Coaching and Mentoring.** Home-grown experts will be based in the offices of the MFIs to actually show how the technology, systems and procedures, and products and services work in the field. The expert will work with the MFI with long-term contracts to ensure that knowledge and skills are effectively transferred and adapted to local conditions and requirements.
- **Holding Training and Exposure Visits.** Trainings based on the needs of the MFIs will be provided by CLO trainers. Also, there are trainings that can be held in CMDI in Philippines. Sending the MFI staff for training at CMDI gives them the opportunity to visit CARD's operations and interact with CARD field personnel and clients.
- **Investments.** In lieu of cash payment for the TAs provided by CARD MRI CLO, the value of the TA may be provided to the MFIs as capital investment of CARD MRI. This signifies CARD's commitment to a long-term development partnership with the MFIs.

- **Conducting Market Research and Other Studies.** Research experts from CARD will help the MFIs to better understand their market—clients, competitors, and other stakeholders—and subsequently develop appropriate products and services to meet the needs of the clients, among others.
- **Linkaging and Mobilizing Resources.** CARD will help the MFIs to develop a wide network of funders and partners through introduction to suitable and interested partners within the CARD MRI network. CLO can develop project proposals, seek funding, and implement projects together with the MFIs towards strengthening the capacities and broadening the range of products and services of the MFIs.
- **Advocacy and Lobbying.** There are several microfinance services that are still left without government policies or laws in Cambodia such as microinsurance. Thus, CARD will help the MFIs to lobby with respective ministries or regulators in order to increase awareness and get the approval of these authorities to implement such services.

## **4.2. Target Community**

This project serves the two (2) local MFI partners of CARD: Seilanithih and CHC, in particular, and the microfinance industry in Cambodia, in general. The two (2) are both licensed and regulated by the NBC. Both of the head offices of CARD partners are located in the capital city of Cambodia, Phnom Penh. Both are offering group and individual loans with required compulsory savings from its clients only.

Seilanithih Limited started as a project by CARE-Cambodia in 1993. The project was intended to provide credit to villages in the poorest peri-urban areas in the country. It successfully transformed itself into a formal microfinance operator and received its license from NBC in December 2003. On the other hand, CHC also started from an NGO. It was

previously a credit program started by CHC-NGO in 1994. CHC spun-off as a licensed microfinance institution in September 2005.

The main participants of this project are the international staff based in Cambodia and the seasonal/contractual TA professional staff (SCTAPS) of CARD MRI. They are the ones sharing knowledge and teaching the skills needed by the MFIs. They go to the field with the partners and provide face-to-face assistance with the staff of MFIs. The critical participants of the project are the management and staff of the two (2) MFIs. They are the receivers of all the technologies, systems and procedures that will be shared by CARD. They are also the ones who will implement and practice the said knowledge. Ultimately, the recipients of the benefits of this project are the clients of the two MFIs. The improvements expected in the operations of the MFIs are believed to provide better benefits and convenience to the clients.

### **4.3. Goals**

Clients' empowerment is commonly the main goal of every microfinance institution and it is viewed that a healthy microfinance industry will provide the satisfaction and push needed by the clients. Thus, this project's goal is to build capacity of the MFIs to capably deliver appropriate and competitive products and services that will lead to loyal and satisfied clients in Cambodia.

### **4.4. Objectives**

The objectives of this project are the following:

- To enhance potentials of the MFIs in providing effective microfinance systems with sound financial standing.

- To develop other microfinance products and services for the poor such as microinsurance, flexible savings, and credit with education that will give more benefit to poor clients.



## 4.5. Logic Framework

**Table 3. Logic Framework**

Narrative Summary	Objectively Verifiable Indicators – OVIs	Means of Verification -MOVs	External Factors (Assumptions)
<p>Development Objective:</p> <ul style="list-style-type: none"> <li>Competitive product and services delivery of MFIs that will lead to loyal and satisfied MFI clients in Cambodia</li> </ul>	<ul style="list-style-type: none"> <li>Number of clients with expanded businesses</li> <li>Number of clients satisfied with the MFI</li> <li>Decrease in number of clients with double or multiple loans</li> </ul>	<ul style="list-style-type: none"> <li>Client satisfaction surveys and Impact assessments</li> <li>Market surveys or credit bureau</li> </ul>	
<p>Immediate Objective:</p> <ul style="list-style-type: none"> <li>On-track capacity building program leads to               <ul style="list-style-type: none"> <li>Cambodian MFIs with effective microfinance systems and sound financial standings</li> <li>Availability of other microfinance products aside from credit such as savings, microinsurance, and credit with education that will provide more benefit to clients</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Operations and Other Products – Increase in outreach and portfolio quantity and quality</li> <li>Human Resource – Decrease in staff turnover rate</li> <li>Financial - Satisfactory financial ratios versus standards</li> <li>Internal Control – increase in number of branches with satisfactory audit ratings</li> </ul>	<ul style="list-style-type: none"> <li>MFI rating reports</li> <li>MFI External and Internal Audit reports</li> <li>Quarterly Network Exchange by CMA</li> <li>Client Satisfaction Surveys</li> </ul>	<p>Capacity building program equipped and encourage small players to compete with big players and stand as other options for clients.</p>

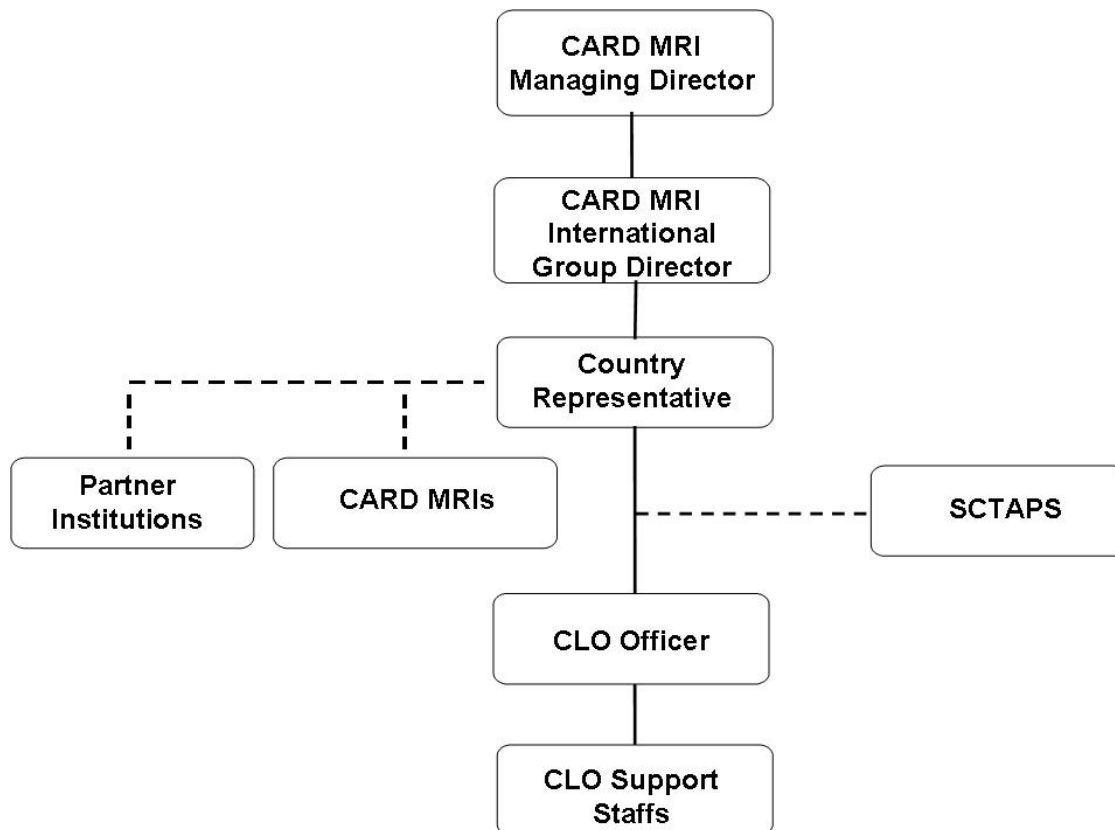
	<ul style="list-style-type: none"> <li>• MIS – timely submission of required reports</li> <li>• Number of clients accessing new products and client satisfied with the products</li> </ul>		
<b>Outputs (Results)</b> <ul style="list-style-type: none"> <li>• Workable, market-friendly, and cost-efficient overall operational strategies, policies and procedures</li> <li>• Competitive and market-friendly products developed</li> <li>• Suitable training program for all staff level</li> <li>• Adequate fund allocation and smooth management</li> </ul>	<ul style="list-style-type: none"> <li>• Number of new strategies introduced and implemented by MFIs</li> <li>• Number of trainings provided to MFIs</li> <li>• Number of new products developed for MFIs</li> <li>• Increase in numbers of investors and lenders</li> <li>• Positive cashflow management</li> </ul>	<ul style="list-style-type: none"> <li>• MFI Manuals or TA reports</li> <li>• Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in number of management and staff skilled with microfinance operations</li> </ul>
<b>Activities:</b> <ol style="list-style-type: none"> <li>1. Assist in the revisiting of the 5-year strategic plans of Seilanithih and CHC-Limited;</li> <li>2. Conduct research on existing client satisfaction and on possible market preferences and assist in new product</li> </ol>	<b>Inputs:</b> <ol style="list-style-type: none"> <li>1.1. Two personnel: one assigned in operations and one in financial, who will assist in the revision of the plan, three weeks in Cambodia per institution and another week for</li> </ol>	Cost: USD 34,400.00	<ul style="list-style-type: none"> <li>• Improvements in the MFI systems will give confidence to the investors/lenders to invest in the small MFIs.</li> </ul>

<p>development or existing product enhancement;</p> <ol style="list-style-type: none"> <li>3. Train staff on microfinance best practices;</li> <li>4. Provide full-time long-term technical advisors (TAs) for each institution</li> <li>5. Link Seilanithih and CHC with microfinance funders/lenders network;</li> <li>6. Assist in the production of marketing or promotion tools (e.g. annual reports, website, pamphlets, etc) for clients and donors;</li> <li>7. Assist institutions in lobbying with regulators for other possible products such as microinsurance and voluntary savings.</li> </ol>	<p>write-up</p> <ol style="list-style-type: none"> <li>1.2. A Research Expert and an Assistant, research tools and materials, approximately 1 and a half months in Cambodia for the 2 institutions</li> <li>1.3. A Training Officer who will facilitate all identified trainings to offer</li> <li>1.4. Long-term TAs based on need of institutions</li> <li>1.5. A personnel assigned in resource mobilization who will attend meetings, workshops or forums and introduce and market both institutions to donors and potential investors.</li> <li>1.6. and 1.7. A marketing/partnership personnel who will work with the marketing department of both institutions and will also help lobby with regulators</li> </ol> <p>Note: several tasks could be assigned to one personnel e.g. the Country Representative</p>		<p>Pre-Conditions</p> <ul style="list-style-type: none"> <li>• Both institutions will actively support and get involved in all capacity building program activities.</li> <li>• Both institutions will assign full-time staff to work with the TA and absorb the skills to be transferred</li> <li>• Strong support from the CARD MRIs from the Philippines in terms of sharing technologies and sending Experts.</li> <li>• CARD MRI has existing network of investors and lenders.</li> </ul>
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#### 4.6. Staff and Organizational Structure

CARD MRI CLO staffing is composed of three (3) full-time staff members: the Country Representative, the CLO Officer and the CLO Administrative Assistant. However, there are SCTAPS being assigned to Cambodia based on need of the partners.

**Figure 3. CARD MRI CLO Organizational Chart**



#### **4.7. Implementation Plan**

The purpose of the implementation plan, Table 10, was to stipulate the specific activities, responsible staff as well as the resources needed to carry out the project to completion within the allotted period of one year. Moreover, each assigned task was to be finished within a given time frame by indicating the month the activity should start up and be completed. Furthermore, the plan is guided by the realization of the two immediate objectives, while having proper time and procedures to guarantee not only to achieve the objectives but also to surmount all expectations and challenges.

#### **4.8. Implementation Report**

Revisiting the MFIs strategic plan

The workshops with the management team composed of the DHs from HO, and the RMs and BMs from the field operations, were conducted with CHC Limited on August 5 – 7, 2009 and with Seilanithih Limited on August 25 – 27, 2009. The workshops were conducted in order to involve the MFIs management team in the conceptualization of the strategies to be implemented in their institutions. The workshops were also able to identify the issues and concerns that the MFIs faced in their operations and worked together to identify strategies that would resolve the problems. Nonetheless, the good practices were also recognized so that the other branches could learn from it. Following the workshops were the two-week documentations of the revised strategic plans.

## Linkaging MFIs to lenders and institutions

The CARD MRI CLO country representative helped the MFIs to write proposals and sent to the funders. Oikocredit, which has a country office in Cambodia, was also visited for introduction of the MFIs. The country representative had several interviews from the funders during their due diligence period.

## Market research and product development

The CARD MRI research experts did the microinsurance demand research with CHC Limited in Kampot province in August 3 – 22, 2009. The preliminary results were presented to CHC Limited management on August 22, 2009 and the final write-up was completed after a week. The business planning and operations training were done in September 14 – 19 in preparation to the implementation of the pilot test that started in November 2009.

On the other hand, upon approval of the grant proposal sent to Oikocredit for CHC-Limited, a simple market survey was conducted with the clients of the MFI in Kampot province in August 3 – 7, 2009. The results of the survey were used to develop the credit with education (CwE) family planning module for CHC Limited.

Another demand research on microinsurance was conducted with Seilanithih clients. The research was conducted on November 9 – 28, 2009 and was followed by a business planning on February 15 – 19, 2010 and staff training on May 12 – 14, 2010.

## Production of marketing tools

Since the two MFIs are not use to production of annual reports, the CLO country representative run an orientation with the MFIs' management teams about the

use and importance of annual reports. The MFIs were also assisted from the collection of materials to be used in the annual report up to the editing of the final draft before printing.

#### Lobbying with Regulators

CARD MRI CLO started communicating with the Ministry of Economy and Finance (MEF) and constant meetings with them were conducted to influence the crafting of the law regarding microinsurance implementation. Also, several workshops on microinsurance were participated by CARD with MEF as either one of the facilitators, resource speakers, or mere speculators.

#### Training on Microfinance

Proposal was sent to Asian Community Trust (ACT) for a series of training for the MFIs before the start of the project. The proposal was approved in May 2009. Therefore, the series of trainings started as early as August 6, 2009 for the first batch of Early Fraud Detection Training with CHC-Limited BMs. Therefore, this is one of the trainings that had comments from the participants since the CNA was not yet completed. The next batch of Early Fraud Detection Training with Seilanithih was conducted in September 23 – 24, 2009, wherein the training design was modified. The Risk Management Training was done in October 2009, the Organizational Planning System Training in November 2009, the Bridging Leadership Training in February 2010, and Customer Care and Presentation Skills Training in May 2010.

#### Posting Long-term TAs

Grant proposals were sent to Oikocredit to support Operations TA to CHC Limited, ACT to support Operations TA for the two MFIs, and SBFIC to support the

CLO country representative assistance for the two MFIs. As well, the two MFIs were consulted on what TA they need which were communicated to CARD HO.

#### **4.9. Budget**

The detailed budget (see Table 11) indicate three (3) levels of expenses such as market research and product development, training in microfinance best practices, and assigning of long-term TAs. The total budget overall was USD34,300 (research – 8,000; trainings – 12,000; and TAs – 14,400). However, upon the implementation of the project the expenses incurred was not so significant thus USD34,400 was not at all consumed. Grants were mobilized to fund each projects as mentioned in the implementation report thus only some not so significant expenses on supplies, venue, or transportation cost were spent during the trainings.



# MONITORING & EVALUATION

## 5.1. Monitoring

### 5.1.1. Monitoring Objectives

The monitoring plan of this project is detailed in Table 12. This project is being monitored through the following:

- Workable, market-friendly, and cost-efficient overall operational strategies, policies and procedures
- Competitive and market-friendly products developed
- Suitable training program for all staff levels
- Adequate fund allocation and smooth management

### 5.1.2. Monitoring Results

#### *a. Workable, market-friendly, and cost-efficient overall operational strategies, policies and procedures:*

Effective September 2009, several SCTAPS were assigned as fulltime long-term TAs of CHC and Seilanithih. Following are the specific TAs provided:

- TA for CHC operations department was provided from September 2009 to May 2010. The regional head from CARD Inc. worked on assessing the credit and savings policies and procedures of CHC. Then, he put forward recommendations to the management such as effective time management of branch staff activities, client recruitment, cost-efficient branch staffing, branch reporting, collection zone establishment and branch internal controls. He also set up the

monitoring system and procedures that are being used by the head office and branch management of the MFI.

- TA for CHC internal audit was posted from September 2009 and contracted until end by December 2010. Due to the absence of the internal audit manager in CHC, the internal audit manager from CARD MRI started to work as the manager for the department for six months and helped in the recruitment of the local manager who started on March 2010. First and foremost, she reviewed the internal audit practices and procedures being implemented by the department. She then conducted orientation on the importance of internal audits with the operations staff of CHC who usually misinterpreted the value of the department. Several recommendations were practiced by the department such as simpler working papers, more comprehensive audit procedures, audit ratings, exit meetings with the branch after the audit period, report formats, and report writing.
- Three (3) year contract assignment of the microinsurance TA for the CHC program. The Microinsurance Provincial Manager from CARD MBA started with CHC on November 2009. The agreement of CARD and CHC is for the manager to lead the program and act as manager. A local staff was hired and worked with the manager to make sure that the skills were being transferred and that the local staff could take over the management after the contract ends. The Manager set up the accounting system for microinsurance and launched a massive expansion of the program from two (2) branches to eleven (11) branches of CHC.

- TA for Seilanithih internal audit department was posted from August to December 2009. In the absence of Internal Audit Director, the Senior Auditor from CARD MRI served as the head of the department for four (4) months. During the period, he helped the department to use simplified and standard sampling techniques in auditing, including important operational issues in the branch as part of the examination and analysis during the audit, properly classify audit findings based on level of risk in the organization, proper communication of the audit result with the branch management and staff, revised flow of audit reporting to provide timely audit information, use of audit rating system, and monitoring of audit output.

Also, other TAs were provided as a result of linkaging done by CLO, which are the following:

- CHC Limited was served by a consultant from Association for Social Advancement (ASA) from August 2009 to March 2010. This was funded by Catalyst Microfinance Investor (CMI), which was introduced to CHC by CARD. The consultant partnered with the CLO consultant in establishing ASA-model branches.
- Seilanithih Limited's Acting Deputy Chief Executive Officer (CEO) came from ASA, who started as a TA provider from August 2009. Seilanithih went through restructuring from branch staffing, branch physical office, and branch operations and accounting.
- Funded by Asian Community Trust (ACT), another TA provider worked with CHC and Seilanithih Limited from March 2010 and contracted for one (1) year. Monitoring and follow-up activities were

conducted by the TA in order to support the learning of the MFIs staff from the trainings they attended covered by the same project.

- The Country Representative serves as an overall consultant for both institutions. This project is supported by the Savings Bank Foundation for International Cooperation (SBFIC) through a tripartite agreement beginning December 2009 to 2011. She helped the two (2) MFIs with regard to board governance, partnership and resource mobilization.

*Indicator: Number of new strategies introduced and implemented by MFIs*

<b>Table 4. Summary of TA Accomplishments</b>	
MFI/TA Area	New Strategies Introduced and Implemented
<u>Seilanithih Limited</u>	
<ul style="list-style-type: none"> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Election of new board Chairman and recruitment of independent board member;</li> <li>• Establishment of board Committees;</li> <li>• Professionalization of board Meetings and board Committee Meetings; and</li> <li>• Preparation of board Materials, Minutes of board Meetings, and board Resolutions.</li> </ul>
<ul style="list-style-type: none"> <li>• Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of ASA technology               <ul style="list-style-type: none"> <li>○ Pilot-test of cost-effective branch staffing: 1 BM, 1 Accountant, 4 to 5 COs, and 1 Guard.</li> <li>○ Simplified policies: small number of loans, 100 percent loan validation, zero-tolerance in loan collection and follow-up.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>• Standard sampling technique</li> <li>• Revised audit scope and procedures</li> <li>• Classification of audit findings</li> <li>• Proper communication of audit results – exit meeting</li> <li>• Improve report writing</li> <li>• Audit rating system</li> <li>• Strategic and Operative Plan</li> <li>• Maximizing audit capacity: from four (4) auditors in 1 branch audit period of ten (10) days to two (2) auditors in 1 branch audit period of 7.5 days.</li> </ul>

<u>CHC-Limited</u>	
<ul style="list-style-type: none"> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of Board Committees;</li> <li>• Professionalization of Board Meetings and Board Committee Meetings; and</li> <li>• Preparation of Board Materials, Minutes of Board Meetings, and Board Resolutions.</li> </ul>
<ul style="list-style-type: none"> <li>• Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Sit-down approach in loan collection;</li> <li>• Establishment of Collection Zones;</li> <li>• One hundred percent loan utilization check by COs; and</li> <li>• Regular HO and branch monitoring system</li> </ul>
<ul style="list-style-type: none"> <li>• Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>• Simplified audit program;</li> <li>• Audit rating system;</li> <li>• Conduct of exit meetings; and</li> <li>• Proper report writing.</li> </ul>
<ul style="list-style-type: none"> <li>• Micro-insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Setting-up of microinsurance program;</li> <li>• Orientation trainings for all branches about microinsurance; and</li> <li>• Setting-up of peach tree accounting for microinsurance.</li> </ul>

*Feedback from the management and staff of the MFIs*

Pertaining to the new system on ASA-model operations, the Operations Director of Seilanithih said, “We are on the right position that we shift from targeting medium size loan client to the lower level. This gave Seilanithih a niche and isolated ourselves from competition because most of the MFIs in Cambodia are moving up to the medium and large scale level.”

***b. Competitive and market-friendly products developed.***

- Market Research.
  - Demand research on microinsurance was conducted on August 2009 with the two (2) most matured branches of CHC Limited.

The said branches were also assigned as the first branch to implement microinsurance.

- With funding support from Oikocredit, clients of CHC Limited were asked about their preferred topic of a CwE training and its delivery procedures. The clients chose the family planning topic and a module was designed for its pilot test. The pilot test started September 2009 and run for six (6) months.
- The pilot test of microinsurance is expected to start within the month of June 2010.
- Advocacy and Lobbying
  - All microinsurance operations are still in pilot stage phase and waiting for the final approval and issuance of the said law.

*Indicator: Number of new products and services developed for MFIs*

1. Microinsurance for CHC Limited

**Table 5. MEADA Update as of March 2010**

<b>Indicators</b>	<b>As of March 2010</b>
<b>No. of Branch Covered</b>	<b>11</b>
<b>Net Active Clients</b>	<b>5,536</b>
Insured Spouse	4,426
Insured Children	872
<b>Total Number of Insured</b>	<b>10,834</b>
<b>Amount of Loan Insured</b>	<b>\$1,799,313.22</b>
<b>Amount of Premium Collected</b>	<b>\$17,699.23</b>
Amount of Earned Premium	\$11,744.18
Number of Claims Paid	4
<b>Amount of Claims Paid</b>	<b>\$867.80</b>

## 2. Credit with Education delivered to CHC clients

As of March 2010, the Family Planning module is being delivered to 1,200 clients in Kampong Cham and Kampong Bay branches of CHC-Limited

### *c. Suitable training program for all staff level.*

- Grant proposals were produced for possible assistance in the capacity building activities of the MFIs. These proposals were sent to Oikocredit, ACT, SBFIC and CMI. Funds for training were approved and received from ACT and SBFIC while Oikocredit and CMI focused on funding long-term TAs.
- After getting the results of the community needs assessment, the training designs were improved. Since the CLO staff is not yet fluent in speaking Khmer, aside from the previous strategy of having interpreters during training, the training materials were translated to the local language, and two (2) projectors were used during the trainings in order to properly guide the participants in the discussions. Furthermore, the training materials were designed to include experience of other local MFIs to put local context in the lectures. Moreover, high profile resource persons were tapped from the Philippines namely Mr. Edzel Ramos, CMDI Training Director, and Dr. Rosalina Fuentes, President and Dean of Organizational Management in Southeast Asia Interdisciplinary Development Institute (SAIDI), for critical training courses and to give more confidence to the participants.

- Provided the following trainings:

**Table 6. Summary of Trainings Accomplished**

Training Course	Number of Batches	Number of Participants	Position of Participants
Early Fraud Detection	2	59	BM, Regional Managers (RMs)
Risk Management	1	19	COs
Bridging Leadership	1	41	BM, RM, Department Heads (DHs)
Organization Planning System	1	30	DHs, Deputy DHs, RMs
Customer Care and Presentation Skills	2	46	COs

*Indicator: Number of trainings provided to MFIs*

A total of five (5) training courses were provided to the two MFIs. A total of 195 staff members attended the trainings composed of COs, BMs, RMs, Deputy DHs, and DHs.

*Feedback from participants on the new training design*

Below is the summary of training evaluation results completed by the participants for the trainings funded by ACT. A copy of the evaluation form is in Appendix 10.8.

**Table 7. Summary of Training Evaluations - ACT Funded**

Training	Institution	Overall Impression	Curriculum	Instruction	Value
Early Fraud Detection	CHC-Limited	2.95	2.96	2.90	2.49
Early Fraud Detection	Seilanithih Limited	3.33	3.26	3.22	3.36
Risk Management	CHC & Seilanithih	3.64	3.55	3.57	3.77
Bridging Leadership	CHC & Seilanithih	3.57	3.07	3.3	3.25
<b>OVERALL TOTAL</b>		<b>3.37</b>	<b>3.21</b>	<b>3.25</b>	<b>3.22</b>

According to Mr. Svay Nhel, CO of CHC-Limited, “I am looking forward to more courses that CARD would provide and I hope the next training would not be sooner. We are grateful for the efforts on translating the materials because now we can understand more and can participate more on the



discussions.” Mr. Chea Sophal, Regional Manager of Seilanithih Limited, said, “Thank you for using some practices of ACLEDA as a reference for the strategies in risk management; our Credit Officers are more confident that the strategies recommended are applicable in Cambodia.”

***d. Adequate fund allocation and smooth management.***

- CHC Limited and Seilanithih Limited were introduced to partners of CARD either thru email, meetings, and workshops attended by CARD MRI International Group management headed by the CARD MRI Managing Director.
- Loan proposals were made and requirements were completed by the heads of the MFIs with the help of CLO Country Representative. These proposals were sent to CMI, Oikocredit, Developing World Markets (DWM), Micro Credit, Etimos, Blue Orchard, Incofin, Planis, Living in Peace, and SBFIC.
- All the fees paid to CARD by funders for the TAs provided to the MFIs, net of direct expenses during the provision of TAs, were invested to the MFIs. The TA fees came from the coaching and mentoring completed, and trainings provided. As of the report period, CARD’s investment with Seilanithih Limited is USD 50,000, and USD 100,000 with CHC Limited. Thus, CARD is seated on the board in both MFIs. These amounts are very small and serve as a symbolic commitment with the MFIs.

***Indicator: Number of additional investors and lenders***

Following are the list of additional investors and lenders that invest in the two MFIs with the help of CARD as of March 2010:

**Table 8. List of Partners' New Lenders**

Name of Creditor	Amount of Loan Disbursed (USD)	
	Seilanithih Limited	CHC-Limited
ETIMOS	150,000.00	100,000.00
BLUEORCHARD	150,000.00	300,000.00
OIKOCREDIT	2,000,000.00	500,000.00
CMI	350,000.00	-
DWM	1,000,000.00	750,000.00
INCOFIN	375,000.00	-
Micro Credit	400,000.00	600,000.00
Project SBFIC	27,020.00	37,828.00
Planis	-	500,000.00
Living in Peace	-	250,000.00
	4,452,020.00	3,037,828.00

*Indicator: Positive cashflow management*

The cashflow of both institutions improved from the struggling situations and reactionary management of the past. Actual cashflow of the two (2) MFIs for the period January to March 2010 in Appendix 10.9 and 10.10 shows a positive balance at the end every of the month. This signified that they were able to manage their funds efficiently that the funds are able to support their expanding operations and increasing need for loan funds.

## 5.2. Evaluation

### 5.2.1. Conceptual Framework

Figure 4. Conceptual Framework



The conceptual framework for this project is represented by showing that the string of capacity building activities from CARD MRI CLO will lead the change from the undesirable situations in Cambodia microfinance industry to desirable benefits for the clients. The four (4) square quadrants represent the undesirable situations present in Cambodia industry, which are un-encouraging policy environment, underdeveloped industry, small MFIs with non-competitive products and services, and small MFIs with a lack of available resources. The logic is that these interventions—research and product development with linkaging to address uncompetitive product and services; advocacy and lobbying with linkaging to address discouraging policy environment; investment and resource mobilization to address lack of

available resources; and training with coaching and mentoring to address underdeveloped microfinance industry—will lead to change in the MFIs. The expected change in MFIs can be seen as they provide appropriate and competitive products and services to the clients. This change will therefore lead to satisfaction and loyalty of clients to the MFIs. Knowing that clients' needs and wants are unending, the entire process is cyclical.

### **5.2.2. Evaluation Plan**

The detailed format of the evaluation of this project is presented in Table 13. The evaluation will focus on determining if the immediate objectives were met through the interventions provided to the MFIs. The evaluation will test if the expected outcomes of the capacity- building program: (1) effective microfinance systems and sound financial standings, and (2) availability of other microfinance products that will provide more benefit to clients, are present. The indicators would be the increase in outreach and portfolio quantity and quality in operations, decrease in staff turnover rate in human resource management, satisfactory financial ratios compared to industry standards in terms of financial management, increase in number of branches with satisfactory audit ratings, timely submission of required reports in terms of management system, and number of clients accessing new products developed by the MFI and their satisfaction related to using these products. The evaluation of the project should be conducted after two years of the project.

### **5.2.3. Evaluation Tools**

Primary Source:

- a. FGD with MFI Staff
- b. Client Satisfaction Survey with MFI Clients
- c. Review and Evaluation

Secondary Source:

- a. MFI rating reports
- b. MFI External and Internal Audit reports
- c. Quarterly Network Exchange by CMA

# LESSONS LEARNT

Following are the lessons learned so far in the implementation of the project capacity-building program for Cambodia MFIs for the development of effective microfinance systems that will lead to more satisfied and loyal microfinance clients:

## 6.1. Coaching and Mentoring

- Long-term, fulltime TAs doing hands-on training is more effective in instilling knowledge to the department staff being coached.
- MFIs have different preferences on the character of TAs being assigned to them. CHC-Limited like approachable TAs that their staff can work with more comfortably like CARD TAs, while Seilanithih prefer TAs from senior positions like those of ASA Consultants.
- MFIs acceptance to the skills being transferred to them is influenced by their preference of the character of TAs they are working with.
- Absence of proper orientation about the culture of the new country a TA will work with could affect the performance and willingness of the TA to do his assignment. Thus, conflict with the local staff is sometimes unavoidable.
- Support from the management is highly desirable for the smooth implementation of TA assignment. Appreciation of the TA experts by the CEO or General Manager influenced the relationship of the staff to the TA or Consultant.

## **6.2. Trainings**

- Communication barriers are a major issue for the participants during training. Relying on interpreters is not always advisable. There is no certainty that the information being relayed by the interpreter is 100 percent accurate to the information being interpreted
- Experiences derived from local situations are more appreciated and absorbed by the participants.
- The profile of the resource person does matter as far as attractiveness and confidence in the training. High profile speakers draw more participants and encourage more participation during discussions.
- Follow-up training or monitoring is needed in order to maximize the learning of the participants. It is also demanded by the staff in the field.
- More interactive training designs denote more participation and effectiveness of the training courses.
- MFI's counterpart in costing and logistics denotes more commitment of the MFIs in the training courses.

## **6.3. Research and Development**

- Client ownership of product-design denotes success of the product. Clients appreciated being consulted for the improvement or creation of a product.

#### **6.4. Resource Mobilization, Linkaging, and Lobbying**

- The track record of the MFIs greatly affects the amount of money they mobilized from the funders. Small MFIs get limited amounts while bigger MFIs are provided with higher amounts.
- Passing of new laws or sub-decree even for development took several years before approval; pilot-test can be implemented but with cautions.

#### **6.5. General**

- Best practices identified and proven in an institution such as CARD are not always the best practices for other MFIs with different cultures and environment. Adjustments are necessary in order to be effective with the local community.



# RECOMMENDATIONS

Following are the recommendations to the stakeholders of this project – a capacity-building program for Cambodia microfinance industry development:

## **7.1. Seilanithih Limited and CHC Limited**

- Continuous assistance is necessary to ensure consistent growth of the institutions.
- Exposure to other microfinance best practices outside Cambodia and the Philippines such as ASA and Grameen methodologies in Bangladesh so that the MFIs could learn more technologies that are adaptable in Cambodian context.
- Regular collection of client feedback and comments should be institutionalized in order to monitor and satisfy the needs of the clients. This could be conducted by periodical research and/or incorporation of mini-survey to CO's tasks.

## **7.2. CARD MRI CLO**

- Establish strong links and relationships with other microfinance institutions, CMA and regulators for a wider source of local knowledge and experiences.
- Explore possibilities of extending assistance to CMA to reach more MFIs or provide more impact in the microfinance community.
- Explore possibilities of partnering with another indigenous MFI to widen the venue of achieving CARD's mission.
- Set-up a monitoring tool to ensure that assignments of TAs and trainings conducted were delivered properly and effectively.

### **7.3. Human Resource, International Group, and Top Management**

- Preparation of staff to be assigned to an international assignment is compulsory to avoid culture shock in the event of doing the assignment. A Khmer language course is also advisable to be provided before deployment of staff.
- Continuous upgrading of staff capacities through continuous training, exposure and further studies so that they will be more effective in doing their assignments and representing CARD in the international microfinance industry.

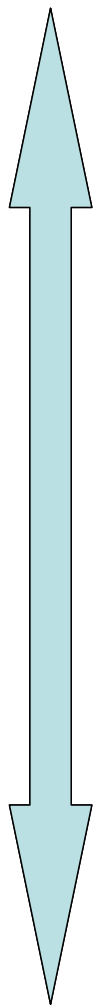
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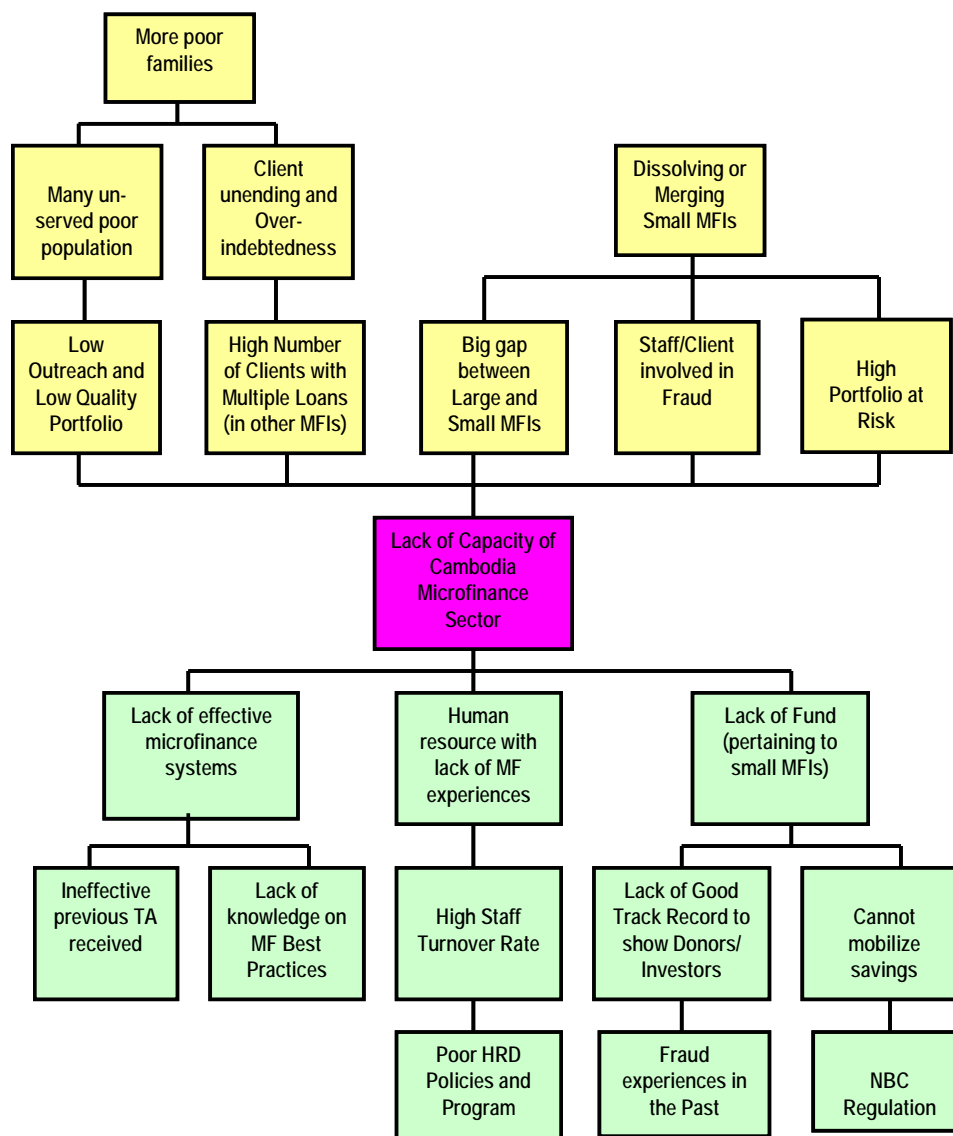
## APPENDICES:

Figure 5. Problem Tree

EFFECTS



CAUSES



## **Interview Guide**

Welcome

*Greetings.*

*How do you do?*

- Thank you for agreeing to meet with us - we are grateful for you time.
- I am \_\_\_\_\_ and I work with CARD-Cambodia. We are currently conducting a study because we are interested to understand the status of Cambodia Microfinance Industry. This will help us plan and improve our existing services so that they will fit your needs and preferences.
- The discussion will approximately take 30 minutes to complete. We would very much like to take notes from these discussions to help us remember what we learn and so that we do not miss any of the issues and ideas you give us. So that CARD can learn, please express your opinions openly. Whatever information you provide and your specific identities will be kept strictly confidential and will not be shown to other people.

### **Guide Questions:**

1. What do you think is the status of microfinance industry in Cambodia and why?
2. What do you think is the status of your own MFI and why?
3. What can you say about the technical assistance provided to you by CARD and why?
4. What can you recommend for the improvement of CARD assistance to your institution? to the microfinance industry?

Thank you for your answers.

# FGD Guide

## Focus Group Discussion Guide For Management Team

**Research Objectives:** Validate the root causes and other information that led to lack of capacity of MFIs and identify capacity building program needed by Cambodia MFIs.

Welcome

*Greetings.*

*How do you do?*

Thank you for agreeing to meet with us - we are grateful for your time.

I am \_\_\_\_\_ and I work with CARD-Cambodia. We are currently conducting a study because we are interested to understand the status of Cambodia Microfinance Industry. This will help us plan and improve our existing services so that they will fit your needs and preferences.

The discussion will approximately take 1 hour to complete. We would very much like to take notes from these discussions to help us remember what we learn and so that we do not miss any of the issues and ideas you give us. So that CARD can learn, please express your opinions openly. Whatever information you provide and your specific identities will be kept strictly confidential and will not be shown to other people.

Participation in this activity is voluntary but we would be very interested to hear your opinions and of your experiences. We hope that you will actively participate in this discussion because your views are important.

As a first step, we should introduce ourselves. By the way, this is \_\_\_\_\_, my Asst. Moderator who will prepare nametags for us so that we can easily know each other during this discussion. We will also take notes and record our discussion so that we won't miss any information from you and we hope you don't mind.

Warm-up Questions

Please briefly tell us your name, age, position in the company and how long have you been working with them.

Core Questions	Probes
<p><b>General Questions</b></p> <ol style="list-style-type: none"><li>1. What do you think about the status of microfinance industry in Cambodia? (Good, bad, or acceptable)</li><li>2. What do you think about the status of your own institution in terms of operation? (Good, bad, or acceptable)</li><li>3. Which MFIs do you think are already very good in their operations?</li><li>4. (If the answer in #1 is Bad or Acceptable) What do you think are the root causes why Cambodia microfinance industry is still lacking capacity?</li></ol>	<p>Ask them what reasons they have for their answers in numbers 1 and 2.</p> <p>Rank these MFIs according to how well is their operations. List and rank the characteristics that made these MFIs very good.</p> <p>List and rank the causes that made Cambodia MFIs weak.</p>

<p><b><u>Trust in Cambodia MFI Capacity Building Program</u></b></p> <ol style="list-style-type: none"> <li>1. Are you satisfied with the existing capacity building program in your institution?</li> <li>2. Which organizations do you know provides capacity building services for MFIs in Cambodia?</li> </ol>	<p>Ask them what reasons they have for their answers in numbers 1. Have these helped your staff in performing their duties? Why?</p> <p>Rank these banks and MFIs according to how well you trust and respect them. What do you know about services/products that they provide?</p>
<p><b><u>Recommendations for Capacity Building Program</u></b></p> <ol style="list-style-type: none"> <li>1. What do you think are the areas that Cambodia microfinance institutions should develop?</li> <li>2. What do you think are the areas that your own institution should develop?</li> </ol>	<p>List and rank the areas answered in #1 and 2 according to their priorities.</p>
<p><b>Closure</b></p> <p>Thank you for your answers. This discussion was very helpful and informative. We are very grateful for the information you have provided. It will help CARD-Cambodia to improve its services. Do you have any questions or suggestions for us?</p>	

## Survey Questionnaire

Survey Identification Number: [(Initial of MFI) - \_\_\_\_]

Date of Interview: \_\_\_\_\_

Survey reviewed by: \_\_\_\_\_

Interviewed by: \_\_\_\_\_

Data entered on computer by: \_\_\_\_\_

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### SURVEY QUESTIONNAIRE (2009)

*(Introduce yourself; explain the purpose of the survey and the voluntary nature of the interview.)*

#### STAFF INFORMATION

NAME OF STAFF: \_\_\_\_\_ AGE: \_\_\_\_\_ GENDER: \_\_\_\_\_

NAME OF MFI: \_\_\_\_\_ BRANCH: \_\_\_\_\_

POSITION: \_\_\_\_\_ LENGTH OF SERVICE WITH MFI: \_\_\_\_\_ YEARS

#### CAPACITY BUILDING PROGRAM: INSTITUTIONAL LEVEL

1. ASIDE FROM THE ORIENTATION TRAINING ON THE POLICIES AND PROCEDURES OF YOUR COMPANY, WHAT OTHER TRAININGS/CAPACITY BUILDING ACTIVITIES DID YOU RECEIVE FROM YOUR INSTITUTION?

1. Re-Orientation Training
2. Position-Related Skills Enhancement Training
3. Exposure Study to Other Microfinance Practitioner
4. Enrollment in Further Study
5. Others, please specify: \_\_\_\_\_
0. None

2. HOW OFTEN DO YOU RECEIVED TRAININGS OR JOINED CAPACITY BUILDING ACTIVITIES FROM YOUR INSTITUTION?

1. One in a year
2. One every 6 months
3. One in a quarter
4. One in every 2 years
5. Others, please specify: \_\_\_\_\_
0. Never

3. HOW HAVE THESE CAPACITY BUILDING ACTIVITIES YOU RECEIVED HELPED YOU IN PERFORMING YOUR DUTIES?

1. Were of great help.
2. Were of some help.
3. Were of no help.
4. Were a burden.



4. HAVE YOU FELT MORE CONFIDENT WITH YOUR SELF AFTER JOINING THE CAPACITY BUILDING ACTIVITIES?

- 1. Yes
- 2. Stay the Same
- 0. No
- 99. Don't Know

**CAPACITY BUILDING PROGRAM: PROVIDED BY CARD**

5. WHAT TRAININGS/CAPACITY BUILDING ACTIVITIES PROVIDED/FACILITATED BY CARD-CAMBODIA HAVE YOU JOINED?

- 1. On the job mentoring
- 2. Branch Management Training
- 3. Re-Orientation Training for Branch Management and Staff
- 4. Strong Credit Discipline and Delinquency Management Training
- 5. Basic Financial Management Training and Internal Controls
- 6. Savings Mobilization Training
- 7. Risk Management Training
- 8. Early Fraud Detection Training
- 9. Customer Service Training
- 10. Market Research Training
- 11. Exposure Study in CARD-Philippines
- 12. Others, please specify \_\_\_\_\_
- 0. None

6. HOW DID YOUR PERFORMANCE CHANGE AFTER YOU PARTICIPATED IN CARD CAPACITY BUILDING PROGRAMS?

- 1. It improved substantially.
- 2. It improved slightly
- 3. It remained the same.
- 4. It worsened substantially.
- 5. It worsened slightly.
- 99. I do not know.

7. HOW DID CARD CAPACITY BUILDING PROGRAMS HELP YOUR BRANCH OR THE WHOLE INSTITUTION? (Multiple answers applicable)

- 1. The staffs are clear with their duties and know the value of their contribution to the success of the branch/institution.
- 2. The internal controls in our branch/institution improved.
- 3. Our branch/institution became more productive in terms of outreach, loan and savings portfolio.
- 4. The loan portfolio quality of our branch/institution improved.
- 5. The camaraderie between all the management and staff improved greatly.

6. Others, please specify \_\_\_\_\_
7. It remained the same.
0. It did not help.
99. I do not know.

8. IN GENERAL, WOULD YOU SAY YOUR EXPERIENCE WITH CARD WAS

1. Very positive.
2. Positive.
3. Good.
4. Negative

9. IN THE FUTURE, WILL YOU PARTICIPATE IN ANOTHER CAPACITY BUILDING PROGRAM OF CARD?

1. Yes
2. Maybe
3. Only if there are changes made. What changes would you like to see?  
Specify. \_\_\_\_\_
0. No
99. I do not know.

10. SATISFACTION

**10a.** Name three things you like most about Capacity Building Program of CARD Cambodia. (*Do not read answers. Rank*)

- |   |   |                           |             |
|---|---|---------------------------|-------------|
| 1 = Programs are well-organized               | 4 = Follow-up activities even after completion of program.    | 6 = Other (specify) _____ | Rank #1 [ ] |
| 2 = Programs are educational and informative  | 5 = Efficiency, compared to other capacity building providers | _____                     | Rank #2 [ ] |
| 3 = Staff are very friendly and accommodating |   | 7 = Nothing               | Rank #3 [ ] |
|   |   | 99 = Don't know           |             |
-

**10b.** Name three things you like least about CARD Cambodia Capacity Building Program.  
*(Do not read answers.)*

1 = Programs are not well organized	4 = Dislike behavior/ attitude of program personnel	6 = Other (specify) _____	Rank #1 [ <input type="text"/> ]
2 = Programs are not worth my time and effort	5 = Programs do not take consideration of the real situation of Cambodia	_____	Rank #2 [ <input type="text"/> ]
3 = Programs are not delivered in Khmer language		7 = Nothing 99 = Don't know	Rank #3 [ <input type="text"/> ]

**10c.** If you could change something about CARD Cambodia Capacity Building Program to make it even better, what would you change?

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**Table 9. Stakeholder Analysis**

Goal: Increasing capacity of Cambodia Microfinance Industry in implementing excellent and competitive microfinance product and services to satisfy microfinance clients' needs.					
Stakeholder	Attitude		Influence		Action
	E	C	E	C	
Seilanithih Ltd and CHC Limited (representative of small MF players)	++	/	H	/	Seek more information on the need and involved them in the planning and designing of the plan intervention
CARD MRI CLO	++	/	H	/	Involved in the planning and designing and implementing of the plan intervention
MFI' Clients	+	?	H	/	Seek information regarding expectations on Seilanithih and CHC
CARD MRIs	++	/	H	/	Collaborate to provide experts and systems to provide capacity building for partners
Regulator: NBC	++	/	H	/	Establish relationship and inform them of the plan intervention and its purpose
Network: CMA	++	/	M	/	Establish relationship and inform them of the plan intervention and its purpose
Partners' Donors/Investors/Lenders	++	/	M	/	Establish relationship and inform them of the plan intervention and its purpose
Competitors: Other MFIs	-	?	L	?	Seek information on their capacity building program

**Table 10. Implementation Plan**

ACTIVITY	STAFF RESPONSIBLE	RESOURCES	2009					2010				
			Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Community needs assessment	Country Representative; Researchers	Focus group, survey, in-depth interviews										
Revisiting 5-year strategic plan	Country Representative	Business plan										
Linkaging MFIs to lenders and institutions	Country Representative	List of Potential Partners										
Market research and product development	Country representative; Research Staff	Research tools; fund for research										
Production of Marketing tools	Country Representative	Market Data										
Lobbying with Regulators	Country Representative											
Training on Microfinance	Training Officer	Materials, Availability of People Involved										
Posting Long-term TAs	Contry Representative; SCTAPs	Fund										

**Table 11. Detailed Budget**

Activity/ Resource	Cost per unit	No. of units	Total cost
Market research and product development	4,000 per MFI	2	USD8,000
Training on Microfinance	1,500 per training	8	USD12,000
Assigning Long-term TAs	600 per month per MFI	2	USD14,400
<b>TOTAL</b>			<b>USD34,400</b>

**Table 12. Monitoring Plan**

Outputs	Indicators	Data source	Collection method	Frequency	Who
Workable, market-friendly, and cost-efficient overall operational strategies, policies and procedures	Number of new strategies introduced to MFIs	MFI Manuals /TA Report	CLO coordination with Operations Unit of MFIs	Quarterly	Country Rep; SCTAPs
Competitive and market-friendly products developed	Number of new products developed for MFIs	Result of Market Research and Product Designs	CLO coordination with Marketing Staff	Per development of new product	Country Rep; SCTAPs
Suitable training program for all staff level	Number of trainings provided to MFIs	TA Reports and Training Attendance Sheets	CLO coordination with HR Unit of MFIs	Frequently every after branch audit	Training Officer
Adequate fund allocation and smooth management	Increase in numbers of investors and lenders Positive cashflow management	Financial Statements and Updates of MFI	CLO coordination with Finance Unit of MFIs	daily	Country Rep

# Training Evaluation Form

CARD-MRI International Group  
CARD Liaison Office-Cambodia

## Participant's Reaction About Program

Title of Program: \_\_\_\_\_

Inclusive Dates: \_\_\_\_\_ Name of Program Coordinator: \_\_\_\_\_

**Instruction:** Please let us know your impression about the program that you just completed for us to make better. Please rate each item below by encircling the number that corresponds to your rating where 4 is the highest and 1 is the lowest.

ITEM	4	3	2	1
<b>A. Overall rating of the program</b>	4	3	2	1
<b>B. Curriculum</b>				
1. Training objectives for each topic are given clearly.	4	3	2	1
2. Information is organized in a waythat is easy to follow.	4	3	2	1
3. All essential information is provided completely.	4	3	2	1
4. Information is accurate.	4	3	2	1
<b>C. Instruction</b>				
1. Training objectives were accomplished.	4	3	2	1
2. Trainer emphasized the need to know information.	4	3	2	1
3. The lessons were delivered clearly.	4	3	2	1
4. The trainers used appropriate visuals in explaining lessons.	4	3	2	1
5. I can feel the enthusiasm of the trainers.	4	3	2	1
6. The instructional techniques used were effective.	4	3	2	1
7. The trainers responded well to the questions from the participants.	4	3	2	1
8. The trainers encouraged participation from the audience	4	3	2	1
<b>D. Value of Training</b>	4	3	2	1
1. The training will help us do our jobs better.	4	3	2	1
2. Training is worth my time and effort.	4	3	2	1
3. Training should be conducted on a regular basis.	4	3	2	1
<b>E. What can you say about the program?</b>				

Thank you very much!!!



## Seilanithih Limited Cash Flow Statement for the Period January to March 2010

SEILANITHIH LTD.

### CASH FLOW STATEMENT

Report Date: Jan- March 2010

		Actual		
		Jan-10	Feb-10	Mar-10
<b>Cash Beginning Balance</b>	<b>A</b>	<b>1,151,645.14</b>	<b>571,595.52</b>	<b>346,672.45</b>
ADD:				
Ind&Group Loan(Principle & Int)	B	1,135,193.98	1,065,048.18	902,104.46
Compulsory Savings Deposit	C	48,039.48	45,504.88	47,562.71
Others cash income	D	79,439.99	235,801.81	381,801.86
<b>Total E = sum B to D</b>	<b>E</b>	<b>1,262,673.45</b>	<b>1,346,354.87</b>	<b>1,331,469.03</b>
<b>Total Funds to be available</b>	<b>F=A+E</b>	<b>2,414,318.59</b>	<b>1,917,950.40</b>	<b>1,678,141.48</b>
LESS:				
Loan Disbursement (GL & IL)	G	1,340,880.55	1,181,041.59	1,274,716.64
Compulsory Savings Withdr. (P & I)	H	34,783.19	30,765.36	28,824.37
Operating Expenses	I	258,745.12	134,471.00	207,641.92
New Fixed assets	J	-		570.00
Loans Payment Capital	K	208,314.20	225,000.00	
Others (Lending to .....)	L			
<b>Total M= sum G to L</b>	<b>M</b>	<b>1,842,723.06</b>	<b>1,571,277.95</b>	<b>1,511,752.93</b>
<b>Fund Balance Available</b>	<b>N=F-M</b>	<b>571,595.52</b>	<b>346,672.45</b>	<b>166,388.56</b>
Bank Maintaining Balance	O			
<b>Cash Available / Requirement</b>	<b>P=M-O</b>	<b>571,595.52</b>	<b>346,672.45</b>	<b>166,388.56</b>

## CHC Limited Cash Flow Statement for the Period January to March 2010

CHC Limited

### CASH FLOW STATEMENT

Report Date: January to March 2010

	January	February	March
<b>Cash Beginning Balance</b>	<b>337,097.61</b>	<b>317,997.77</b>	<b>262,386.02</b>
<b>Operating Activities</b>			
Net Income	8,446.37	19,242.08	21,481.90
Adjustments to reconcile Net Income to net cash provided by operations:	(15,487.25)	(76,541.25)	(388,141.50)
Net cash provided by Operating Activities	(7,040.88)	(57,299.17)	(366,659.60)
<b>Investing Activities</b>			
Net cash provided by Investing Activities	(1,102.72)	4,215.87	(2,975.00)
<b>Financing Activities</b>			
Net cash provided by Financing Activities	(10,956.24)	(2,528.45)	464,664.20
<b>Cash at End of Period</b>	<b>317,997.77</b>	<b>262,386.02</b>	<b>357,415.62</b>

**Table 13. Evaluation Plan**

Outcomes	Indicators	Data Source	Collection Method
<p>On-track capacity building program leads to</p> <ul style="list-style-type: none"> <li>○ Cambodian MFIs with effective microfinance systems and sound financial standings</li> </ul>	<ul style="list-style-type: none"> <li>• Operations and Other Products – Increase in outreach and portfolio quantity and quality</li> <li>• Human Resource – Decrease in staff turnover rate</li> <li>• Financial - Satisfactory financial ratios versus standards</li> <li>• Internal Control – increase in number of branches with satisfactory audit ratings</li> <li>• MIS – timely submission of required reports</li> </ul>	<ul style="list-style-type: none"> <li>• MFI rating reports</li> <li>• MFI External and Internal Audit reports</li> <li>• Quarterly Network Exchange by CMA</li> </ul>	<ul style="list-style-type: none"> <li>• Direct observation, review and evaluation</li> <li>• FGDs with staff</li> <li>• Survey with clients</li> </ul>
<ul style="list-style-type: none"> <li>○ Availability of other microfinance products aside from credit such as savings, microinsurance , and credit with education that will provide more benefit to clients</li> </ul>	<ul style="list-style-type: none"> <li>• Number of clients accessing new products and client satisfied with the products</li> </ul>	<ul style="list-style-type: none"> <li>• Client Satisfaction Reports</li> </ul>	<p>Client Satisfaction Survey</p>